

**CRISIL Young
Thought Leader
2008**

The First 100 days: Policy Imperatives for the new government

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Executive Summary

Three areas where the next government needs to focus on are compulsory education for all, state of the art infrastructure and employment opportunities for the rural population. **First policy imperative** chooses education as the one point agenda for the development of India. The government has focussed on primary education and has also started many policies but quality education has been a distant dream. Poor condition of government school depicts how lopsided the government's claim about the universalisation of primary education has been. Making primary education compulsory is the best solution to make the next generation capable enough to take this country forward and make it self sustainable. Compensation to the poor families will help in them sending their children to the school instead of taking them for work. Introduction of the voucher system will help in addressing the quality concern. It should also be accompanied by two extra cells at the district education office to manage the quality and infrastructure in Government School. **Second policy imperative** concerns with the regulation of infrastructure. Main objective behind this is world class infrastructure. India urgently needs a state of the art infrastructure. We don't have world class highways, ports, airports and connectivity of rural areas to near by urban cities. Keeping this objective in mind there is a need to have an overarching regulatory framework for the orderly development of infrastructure services, enable competition and protect consumer interests in securing access to affordable and quality infrastructure. The sectoral approach of creating a regulatory body has resulted in an uneven regulatory environment. In many cases regulator as well as operator is the same. The degree of commonality in the object of regulation allows for an integrated approach. The tools and form of regulation used in these sectors are often similar. For example, tariff regulation and universal service are concerns of all infrastructure sectors. **Third policy imperative** focuses on National Policy for taking SMEs to rural India. These economies suffer from the problem of a high rural population that is dependent mainly on agriculture for their livelihood. A large part of this population can be substantially utilised in non-farm activities without affecting the agricultural output which is the main objectives behind this policy. It will solve the problem of unemployment in rural areas, suck in disguised unemployment from agriculture and stop migration to urban areas. There is a need to identify

technologies which can be applied and installed with minimum investment and limited infrastructure.

Policy Imperative 1: Free and Compulsory education

The importance of focusing on education is highlighted by the United Nations Millennium Summit in September 2000 where 2 out of the 8 Millennium Development Goals (MDGs) focused on education: first, all children to complete primary education by 2015, and second, to achieve gender equality in all levels of education by 2015. But in spite of this global acknowledgement about the pressing need for education nothing substantial has been achieved till now. Though literacy rate has been increasing but the quality of education especially in government aided schools are substandard. In rural areas, government schools are in bad shape. Infrastructure is inadequate to impart proper education.

Law for free and compulsory education:

Keeping in consideration the need a law is proposed which will make education compulsory for the children in the age group of 6-14 years. To prevent child labour we have a law. On the similar line we need to have a law so that every child attends school.

Objective behind this law

Education is the panacea for all problems in the society. It will wipe out poverty, casteism, hatred for other religion, regionalism, make people aware about their duty and right. People will question the government, RTI act will be used to weed out the corruption. And no longer will have poor road, disturbance in the society and corrupt politician. Everyone will have decent standard of living

Important facts related to the law

- In rural areas for most of the family children are bread earners along with their parents. For them sending their children to the school acts as disincentive. To overcome this problem government needs to give some allowance to the all BPL families and those just above the BPL lines which will acts as impetus to send their children to school.
- An allocation needs to be made from the education cess which government collects. And also education cess can be increased by .5%
- Initially this allowance should be given to all children in the family but provision should be included that after say 8 years this will be given only for 3 children and after 12 years only 2 children.
- Making only education compulsory will not work unless infrastructure is put in place. Government should ensure that proper teaching condition prevails in each and every school. A special cell should open with the district education or existing cell should be made responsible for the infrastructure.
- Merely making education compulsory will defeat the very purpose unless quality is not improved. Quality cannot improve by itself. It requires multi-pronged and strategic reforms in teacher training; improvements in the facilities and infrastructure in schools; teachers' motivation; and a change in the style of teaching to make it attractive to the students. It is demonstrated by many researches that a solid foundation in mathematics and language is necessary for primary school children to navigate the information in technological age. Thus **QUALITY of education** becomes the primary concern.

Solving the quality concern:

Introducing voucher system:

An education voucher is a payment by the government to parents rather than to the school chosen by the parents of the child being educated. The voucher is tax-funded and covers most or all of the tuition charge. The main purpose of vouchers is to increase parents' freedom to choose the school they prefer for their children. Low-income families and minority groups are often specially focused upon in order to allow access to private schools. Government does not provide all funds to the school directly. They need to earn from the students by redemption of voucher collected.

Aim and Principles

The very aim of all voucher systems is to provide families with a maximum degree of choice within a decentralised and competitive system of schools. The main principles are:

- Consumer choice

In education this means parental choice through parental authority.

- Stimulation of competition

- Personal advancement

It results from the conviction that individuals want to shape their own life. The opportunity to choose and therefore to decide promotes interest, participation and dedication.

- Equality of opportunity

Quality concern in rural areas

Choice to select school is limited in rural areas. People are dependent on government schools. Here the role of the district education officer becomes very important. Teachers training should be made compulsory for teachers once in year so that they becomes aware of the need of the job market and what approach they should follow in imparting education. There is a

need of a special education cell with the district education officer to manage the rural school. Main concern of this cell should be to manage only the quality aspects.

Need of practical learning

Making education compulsory will defeat the whole purpose if the theoretical approach of teaching is continued. The need of dynamically changing world is very different from the past once. Practical learning should be given a priority. Syllabus should be designed to mould children to think from the beginning. With innovative teaching process learning should be made fun.

Policy imperative 2: Regulation for Infrastructure

Government of India has initiated a number of projects like Bharat Nirman, JNNURM, and other big infrastructure projects which highlights the commitment for the growth and development of economy but the poor state of infrastructure proves the lack of regulatory mechanism. It shows that nothing has been done to ensure that fund allocated is judiciously spent.

A survey of the provisions of the existing statutory and institutional framework suggests the absence of a common regulatory philosophy guiding the evolution of regulatory institutions in these infrastructure sectors. Political constraints and ministerial preferences over time seem to have dominated the reform agenda in different infrastructure sectors. It is time to recognise that initiating a regulatory philosophy based on a framework with adequate capacity is a necessary condition for accelerated and sustainable growth of infrastructure.

Uniform Regulatory Framework

The creation of independent regulatory agencies has in the last 15 years proceeded on a sectoral basis, where each line Ministry or State Government has constituted a regulator for a particular sector of the economy. This sectoral approach has resulted in an uneven regulatory environment. There are sectors where economic reform has commenced in the absence of a regulatory framework. The highway projects and the recent airports modernization / PPP programmes are illustrative examples. The concession framework applicable to national highway projects varies significantly among projects awarded so far. The absence of a regulator who can standardise concession agreements in the road sector has hampered the rapid and consistent development of the sector.

Objectives behind uniform regulatory framework

Second policy imperative is to establish state of the art infrastructure which will be able to take this economy forward on 10% sustainable growth rate path. Keeping this objective in mind there is a need to have an overarching regulatory framework for the orderly development of infrastructure services, enable competition and protect consumer interests in securing access to affordable and quality infrastructure. The approach sets out a common regulatory approach by specifying the objectives of regulation of utilities industries to be: the protection of consumer interests, promoting competition, promoting efficiency in the operations of and capital investment in public utilities industries, benchmarking utilities services against international standards, promoting safety and quality in service and ensuring that price controlled entities are able to raise adequate financial resources

Approach to Regulation

It should be recognised that competition is the best safeguard for consumer interests. Regulation should aim at removing barriers to competition and eliminating abuse of market power. In those segments of infrastructure services that are amenable to competition, regulation should be light handed and tariff-setting could be left to competitive markets whereas segments that have elements of monopoly should be subjected to close regulation. In all cases, performance standards should be regulated for ensuring the quality of service. Regulation should also extend to determination of tariffs for supply of goods and services like railways and coal so long as the market structure remains monopolistic.

Accountability of the regulator

Though regulators must be autonomous and independent of the Ministry, they must simultaneously be made accountable through various other institutions and processes. The power to make regulations must be subject to the compulsory requirements of prior publication with sufficient time for notice, discussion and comment. Once a regulation is made, it should be tabled before Parliament and subjected to scrutiny by the appropriate legislative sub-committee. The Commission should also be made accountable to Parliament by requiring it to submit annual reports which outline a general survey of developments including how it has achieved its specific mandates. This report should present the enforcement actions carried out by the Commission and outline the extent to which the particular sectors of the economy have achieved the targets set for them.

How will it help?

The degree of commonality in the object of regulation where the rapid economic development of core infrastructure areas through private sector participation allows for an integrated approach. The tools and form of regulation used in these sectors are often similar.

For example, tariff regulation and universal service are concerns of all infrastructure sectors. Further, if the regulatory processes and regulatory knowledge are shared across sectors then the costs of running a single multi-sector regulator may be lower than that of running several multi-sector regulators. Finally, it is suggested that a multi-sector body will be less vulnerable to political and regulatory capture as several ministries and industries will be vying for very different regulatory outcomes across several sectors of the economy.

Policy Imperative 3: National Policy for taking SMEs to rural India

"Small and Medium Enterprises (SMEs) have emerged as an engine of growth in several developed and developing economies of the world. In India the most important contribution of this sector is towards employment generation which is second only to agriculture. Large-scale rural unemployment is one of the major factors in any developing economies. These economies suffer from the problem of a high rural population that is dependent mainly on agriculture for their livelihood. A large part of this population can be substantially utilised in non-farm activities without affecting the agricultural output.

Objectives behind SMEs promotion

One of the problems which ail India is unemployment. Organized sector has limited amount of employment opportunities. They are left with no option but to be a part of disguised unemployment in rural areas or join unorganized sector. Promoting SMEs will help suck in excess labour and provide livelihood for millions mainly in rural areas. Solution to the problem of poverty, inequality and unemployment in the rural India lies in a comprehensive programme of over-all rural development. Piecemeal efforts will not succeed to make any appreciable dent on the problem

Taking SMEs to Rural India

The linking factor between economic development and poverty alleviation in any economy is employment generation. As a greater proportion of the rural people in India are below the poverty line, any intervention geared towards poverty alleviation must focus on bucolic India. The urban areas have better employment opportunities and the poverty in those areas is not as serious as in the rural areas. Therefore, effective measures need to be taken to reduce rural poverty. In this context, it is important to note that the promotion of the agricultural sector alone will not be enough to achieve the desired results, as it can not absorb the abundant labour force in the rural areas and can not attain a high economic growth rate.

Important Steps required

- The first and foremost requirement is to identify various rural technologies which can be applied and installed with small investment and minimum infrastructure that are available in these areas.
- After this, an innovative model of an integrated support system should be established for generation of rural Industries. The model should hold the promise of achieving multi-faceted goals of sustainable economic development and generation of additional employment opportunities.
- The need of the hour is to identify and employ technologies which can be operated by one or two men. Technologies which do not require a high level of skills to operate, or high power use, and which can be manually operated. This will gainfully employ the unemployed unskilled, semi-skilled or skilled youth.
- Clustering of similar type of Industry should be promoted. In the past government has initiated clustering program for SMEs which benefitted them hugely. Similar type of Industries should be identified and encouraged to set up plant in a particular areas.

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